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SUBJECT: Opposition Leader Complains of Smear Campaign

REF: A) 08 GUATEMALA 1017; B) 09 GUATEMALA 919

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State, P/E; REASON: 1.4(B), (D)

Summary

11. (C) The Ambassador met February 17 with rightist opposition leader General Otto Perez Molina. Perez said the First Lady and her associates are preparing a smear campaign to falsely accuse him of human rights abuses during the internal conflict, and are trying to manipulate the judiciary to disqualify his presidential candidacy. Nonetheless, he was confident of winning the presidency in 2011. Perez Molina's Patriot Party is prepared to work with the government in Congress to pass important rule of law reform legislation and would even consider supporting controversial tax reform, though the increasingly charged political environment threatens to derail the legislative agenda. The Ambassador thanked Perez Molina and Baldetti for their support for a new election of the head of the public defender's office. End Summary.

Opposition Leader Perez Molina Confident of Win

12. (C) On February 17, the Ambassador and Pol/Econ Counselor had breakfast with opposition leader retired General Otto Perez Molina and Roxana Baldetti, the leader of his rightist Patriot Party's congressional bench. Perez Molina was confident he would win the fall 2011 presidential election. Press had reported on February 16 the results of two polls. One that Perez Molina commissioned showed him leading First Lady Sandra Torres de Colom with 52% support to 9%; the governing UNE's poll reportedly showed him edging out the First Lady 21% to 20%. Perez Molina said he thought he had a strong possibility of winning in the first round with over 50% of the vote.

13. (C) Asked whether Sandra Torres' leadership of the "My Family Progresses" Conditional Cash Transfer program might give her a decisive advantage with rural voters, who had delivered the presidency for Alvaro Colom in 2007, Perez Molina said no. For every rural voter UNE had won over with the program, it had alienated another due to flawed methodology used to determine who should be included. "That program has divided poor rural communities into 'haves' and 'have-nots'; it's actually somewhat dangerous," said Baldetti. Asked whether he would publicly pledge to continue the program, Perez Molina smiled wryly and said "I'll

have to." Asked about competition from other rightist candidates, such as GANA's Alejandro Giammattei and VIVA's Harold Caballeros, Baldetti said none had a chance of advancing to the second round. In an aside to Pol/Econ Counselor, Baldetti derisively described would-be presidential contender Manuel Baldizon as a charlatan and criminal.

14. (C) Baldetti said that, while all indications are that the UNE believes it can overcome the constitutional prohibition of presidents' family members running for the presidency, Sandra Torres has not yet cleared that hurdle. The government's manipulation of the courts to allow her candidacy would be the source of bitter controversy, she predicted. Perez Molina added that there is a small chance that the UNE would conclude Sandra Torres is not viable candidate, and instead run the popular President of Congress, Roberto Alejos.

First Lady Preparing Smear Campaign

15. (C) Perez Molina said Sandra Torres is working closely with Gloria Porras, Secretary General of the Attorney General's Office, to develop specious embezzlement charges that would falsely implicate him in the congressional MDF embezzlement scandal (ref a). He asserted that President Colom, at his wife's behest, plans

to name Porras Attorney General in May which, he opined, would politicize the Attorney General's Office and guarantee impunity for the First Family. The Ambassador said the Embassy and the UN-led International Commission Against Impunity in Guatemala (CICIG) would engage closely on the Attorney General selection process, as we had done with the Supreme Court last year (ref b). Perez Molina accused Secretary of Peace Orlando Blanco, a member of the First Lady's inner circle, of coaching indigenous people in Quiche Department - where Perez Molina served as an army detachment commander during the internal conflict - to bear false witness against him. Specifically, he said, Blanco was preparing a false accusation that Perez Molina had personally murdered an entire indigenous family.

Prospects Good for Passage of Rule of Law Reform Legislation

16. (C) Baldetti agreed with the Ambassador on the urgency of congressional passage of certain rule of law reform measures, particularly the Assets Seizure Law, Illicit Enrichment Law, and Injunctions (amparos) Reform Law. She said congressional consensus was broad enough to ensure passage, likely within the next few months, but cautioned that partisan political attacks could derail the legislative agenda at any moment. The Ambassador pressed her to see to it that that did not happen. Baldetti said she thought Congress could pass the most important legislation before Easter Week, "but after that the knives will come out." Many Members of Congress from other parties are looking to enhance their re-election prospects by switching to the Patriot Party, Baldetti said. No decision had yet been made on whether to accept them, but she said there probably is not room for many on the party's slate of congressional candidates, and that accepting too many outsiders could threaten the party's ideological coherence.

17. (C) Perez Molina thanked the Ambassador for having hosted him and President Colom to restart dialogue. He said he and the president -- with whom he met in January -- were on speaking terms, though the same did not hold for the First Lady. The two sides were not as far apart on tax reform as Colom publicly indicated, Perez Molina said. The Patriot Party also recognizes the need for increased government revenue, and disagreed only with the income and car tax portions of the GOG's proposed reform

package. Enhanced transparency would, however, be critical to building public confidence and therefore political consensus, given rampant corruption. The Ambassador noted that he had urged Colom to work much harder on transparency. He thanked Perez Molina and Baldetti for their support for the annulment of Congress's recent election of a problematic candidate to head the Public Defenders' Institute (septel).

Comment

18. (C) The fall 2011 election is far off, but is now foremost in the minds of Guatemala's political class. At this early stage, Perez Molina appears to be the candidate to beat. The campaign will feature much mud-slinging. A former head of military intelligence, Perez Molina is no babe in the woods, and will surely do his share of the slinging. Opponents exhaustively reviewed his human rights record in the course of the 2007 presidential campaign, and were never able to develop evidence of wrongdoing. In the meantime, we will work to keep Congress focused on the important legislative business at hand.
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